

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION 310 Old Santa Fe Trail, Room 206 Santa Fe, New Mexico 87503

WELL API NO. 30-025- 35971
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name Pennzoil 36 State Com

1. Type of Well: OIL WELL [] GAS WELL [X] OTHER

8. Well No. 2

2. Name of Operator Gruy Petroleum Management Co.

9. Pool name or Wildcat Quail Ridge; Morrow

3. Address of Operator P. O. Box 140907 Irving Tx 75014-0907

4. Well Location Unit Letter A : 1050' Feet From The North Line and 1210' Feet From The East Line Section 36 Township 19S Range 33E NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [] PLUG AND ABANDON [] TEMPORARILY ABANDON [] CHANGE PLANS [] PULL OR ALTER CASING [] OTHER: []
SUBSEQUENT REPORT OF: REMEDIAL WORK [] ALTERING CASING [] COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT [] CASING TEST AND CEMENT JOB [] OTHER: Set 4" casing []

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.
10/24/02 Discovered bad 5 1/2" casing.
12/12/02 Ran 324 jts of 4" casing, set at 13607'. Pum 10 bbl H2O spacer, 80 sx Interfill "H" (1 1.9 lb/gal), 28 sx Super H (13 lb/gal). Wash up to pit. Drop plug. Pump plug down with 162.5 bbls water. Shut down-did not bump plug. Circulated 0 sx to pit. Released Key pulling unit rig.
01/07/03 Tag TOC @ 13500'.
Please see attached drilling report.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE [Signature] TITLE Production Assistant DATE 02/04/03
TYPE OR PRINT NAME Natalie Krueger TELEPHONE NO. 972-401-3111

(This space for State Use)
APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

ORIGINAL SIGNED BY PAUL F. KAUTZ PETROLEUM ENGINEER APR 01 2003

Gruy Petroleum Management Co.
Magnum Hunter Production, Inc.
Well History
October 24, 2002 Thru January 7, 2003

OPERATED

QUAIL RIDGE

GRUY PETROLEUM MANAGEMENT CO
76806 PENNZOIL STATE COM 36 2

W.I. Pct BCP 37.50 %
W.I. Pct ACP 37.50 %
Morrow/Atoka / 14,000'

Sec 36, T19S, R33E

LEA, NM

10/24/2002

Completion

AFE: 22116 Present Operation:

RU Down Hole Video Inc. Rih with camera to check clarity, backed out @ 350', RU fresh water line, Pump 30 bbls. Water. Rih taped casing from 2537' to 2484'. Casing appears to be collapsed from 2520' to 2512' (8') egg shaped collar and damaged pipe @ 2513' from drill bit. RD, DHV. PooH LD 80 Jts. Of 2 7/8" rental tbg. (released tbg.). Ru Computalog WL, RiH conduct CBL,one log with 2" tools, One log with 2.75" tools, (second log on computlog, ran to verify TOC). TOC @ 600' from surface, ran logs to 4500', no solid cement bond was seen,but did have some cement or heavy mud behind pipe. Logs will be in Midland Tx. In AM. Rih with caliper tool, check 5 1/2" csg. From 4500' up to 1500'. Tool indicated bad casing from 2504' to 2528' (24'). Min. ID was (3.43"), Max ID was (4.93"). RD, WL, SI Bop, SDFD.

10/25/2002

Completion

AFE: 22116 Present Operation:

ND BOP & "B" section of wellhead, Install casing jacks, PU 5 1/2" casing spear on a Jt. Of 4 1/2" DC. Rih with 5 1/2" spear, spear into casing, PU to 250,000# casing moved 1 to 2 ". Could not get slips out of wellhead. Release spear, PU , remove wellhead Jack. Spear back into casing, SDFD. Called out Wireline truck for freepoint, did not use. Had to wait on 4 1/2" slips for drill pipe.

10/26/2002

Completion

AFE: 22116 Present Operation:

PooH, LD 4.5" Collar and spear. NU "B" section of wellhead, NU BOP. Wellhead would not pressure test in the 9 5/8" (damaged slip rubber seal), Pressure up 5 1/2" to 1000 Psi, casing held pressure, tested good. SDFD.

10/27/2002

Completion

AFE: 22116 Present Operation:

Unload 2 7/8" L 80 work string (13,800'). PU 3.5" swedge, X-over, 1 DC, Bit sub,Jars, 7 (3 1/16" DC'S), X-over on 72 Jts. Of tbg. Tag tight spot @ 2522' , Made 1 FT. in the 1st hr. of swedging, Last two hr. was solid, no footage made. PU, LD, 1 Jt. Tbg. SDFWE. WOO Called out night watchman.

10/28/2002

Completion

AFE: 22116 Present Operation:

SDFWE.

10/29/2002

Completion

Tuesday, 4 February, 2003

AFE: 22116 Present Operation:

Toh with 3.5" swedge , DC's, bumper sub , Johnson Jars and 72 Jts. 1bg., Rih with same assembly and 3.375 swedge, Tag @ 2512 (new tally). Put 4 Pts. On bad spot, swedge fell through, Pooh with 3.375" swedge, rih with 3.5" swedge, tag @ 2512', had to work for 3 hrs. to go through bad pipe. Tools were worked through bad area three times, each time they were driven through and jarred out. Pooh with 3.5" swedge rih with 3.625", tag @ 25 12', made 6" on the 1st swedge run, 2" on 2nd run, 0" on third run. Johnson jars were taking 10+ min. to go off, need Bowen Jars. SDFD

10/30/2002
Completion
AFE: 22116 Present Operation:

Pooh with 72 Jts 2 7/8" N-80 tbg & BHA. Change out 3 3/4 Johnson Jars, rih with Bowen. Tih W/ 3 5/8" casing swage, x-over sub, (1) 3 1/2" DC, 3 3/4" bumper Sub, 3 3/4" Bowen Jars, (7) 3 1/2" DC'S, Top sub on 72 Jts of tbg. Start swaging 5 1/2" casing from 2517'-2523' (5 1/2 hrs). Worked swage through bad casing 2 to 3 times, Pooh and RIH with same BHA and 3 7/8" swage, worked swage from 2517'-20 in 1 1/2 hrs (3'). Pooh LD 1 jt. Tbg. Casing seems to be closing back after swage goes through bad pipe. SDFD

10/31/2002
Completion
AFE: 22116 Present Operation:

PU 1 jt. Tbg., start swaging 5 1/2" Casing with 3 7/8" swage. Swage from 2517'-2526', (9') Previous swage depth (2520'), 10/29/02, tagged 3' higher this AM. Swage had been falling through bad pipe when swage had traveled 4', Swage has not fallen after 9' with the 3.7/8" tool. Progress slow. Plan to Pooh with 3.7/8" swage and rih with 3 5/8" to check for possible collapse pipe below swaging area in AM. SDFD

11/01/2002
Completion
AFE: 22116 Present Operation:

Pu 1 jt. Tbg. & start swaging 5 1/2" casing with 3 7/8" tool, made 2" in 1 hr. Pooh with tbg. & tools. Change out Bowen Jars & rih with 3.625" swage , with 7 (3 1/2" DC'S) and 72 Jts. 2 7/8" tbg. Swage hit tight spot @ 2526' but easily swaged out, worked swage through this area three times with no restrictions. Pooh with tools and tbg. , add 2 (3 1/2" DC's in BHA) Rih with 3 7/8" swage, 1 (3 1/2" DC), 3 3/4" bumper Sub, 3 3/4" Bowen Jars, 9 (3 1/2" DC'S), Top sub and 70 Jts. Of 2 7/8" N 80 tbg., Tag tight spot @ 2526', Swage casing to 2527' in 2 hrs. 2517-2527 area swaged (10'). Cold, windy weather. SDFD

11/02/2002
Completion
AFE: 22116 Present Operation:

Start swaging 5 1/2" casing @ 2527' with 3 7/8" swage. Swage out casing from 2522' to 2529', (7'), Swage fell through tight spot in casing. Had to jar tool back through , worked swage back through 2522-29', four times. Pooh with tbg. And tools. Rih with new bumper sub and changed swage out to 4 1/16", (1) 3 3/4" DC, 3 3/4" bumper Sub, 3 3/4" Bowen Jars on 70 Jts. Of 2 7/8" (L 80). SDFD Total day cost. \$ 5050.

11/03/2002
Completion
AFE: 22116 Present Operation:

Tag with 4 1/16" swage @ 2520', work swage form 2520' to 2526' (6'). 4 1/16" tool tagged 3' lower than the 3 7/8" tool did when 1st ran (2517'). 2523'-26' hard, slow swaging in this area, approx. 3' for 5 hrs. Total day cost \$ 5085

AFE: 22116 Present Operation:

Start swaging 5 1/2" casing @ 2526' with 4 1/16" swage, X-over sub, (1) 3 1/2" DC, 3 3/4" bumper sub, 3 3/4" Bowen jars,, (9) DC'S, Top Sub, 70 Jts. Of 2 7/8" tbg. (BHA 316.95'), tubing total (2197'), KB (18')@ top of BOP, = 2532'-6' out on last Jt. = 2526' (Area of swaging). Swaged from 2526 to 2526 1/2", (1/2") in 7 Hours. Pool with tbg. And tools. Checked tbg. tally. Close blind rams on BOP, SDFD. Ordered out Casing inspection log for AM.

11/06/2002
Completion

AFE: 22116 Present Operation:

RU Computalog WL, Rih with 2.5" (30 Arm) caliper tool. Log taken to Midland office. Log indicated min. ID to be 3.4" @ top of collapse casing (2507'-2530), 24'. This is the same length of the previous caliper. New log shows smaller ID for 11', previous log small area was 6'. First log, 10' below 1st bad pipe, ID was 4.5", second log, 10' below bad pipe is 4.0". Pressured up casing to 1000 Psi, check intermediate, No communication, 5 1/2" held pressure. RD, WL, Rih with 3.875 swage, tag @ 2526' (WL depth 2507'), had to jar twice to get into casing, and jar twice to get out of bad area. Worked 4 times, Toh with pipe and tools, change out swage to 4 1/16", added 2 DC'S, and excell.sub.. BHA is now 4 1/16" swage, X-over sub, (1) 3 1/2" DC, 3 3/4" Bumper sub, 3 3/4" Bowen jars, (10) 3 1/2" DC'S, 3 3/4" excell, (1) 3 3/4" DC, Top sub, 68 Jts. Of 2 7/8" tbg. Total of (12) drill collars (801 #/Jt). Tag @ 2523-2526.75' Tools have to be driven into bad pipe and jarred out, tool loses 3' when jarred out of bad area.

11/07/2002
Completion

AFE: 22116 Present Operation:

Continue swaging operations, swage for 3.5 hrs. (made approx. 1/2"). Swage with 4 1/16" tool @ 2627'. Pool, LD tools and tubing, ND BOP, call Camron for steel flange for wellhead. NU flg., take tubing to Bulldog Serv. To store. RD pulling unit, released all rental equipment. Shut down operations to evaluate wellbore problems.

12/04/2002
Completion

AFE: 22116 Present Operation:

MIRU Key Rig. ND wellhead. NU BOP's. PU & RIH w/ 15' x 3-1/2" slick muleshoe joint, 4-1/2" OD Kutrite string mill, x-over, 2 3-1/2" OD drill collars, Bowen Hyd oil jars 3-3/4" OD x 2-3/8" IF, 4 3-1/2" OD drill collars and 2-3/8" x 2-7/8" x-over on 2-7/8" workstring. TBHA 207.70'. Tag w/ mill @ 2501.50' GL. Bottom of muleshoe @ 2518'. No KB. 2293.80' of workstring in hole. Rig up swivel and reverse unit. Could not get swivel started - will take 2 hrs to change out. Pull 2 jts. Close well in & SDFN. Weather will have another swivel out in a.m.

12/05/2002
Completion

AFE: 22116 Present Operation:

Held safety mtg, rig swivel backup, put on stripper rubber, trouble w/oiler on reverse pump, start milling on 5-1/2" csg, 2501', made 5' by 2:00 PM, made total 8' for the day; CIRC hole clean, RD swivel, pull 2 jts. SDFN.

12/06/2002
Completion

AFE: 22116 Present Operation:

Held safety mtg, 0# on well, PU 3 jts 2-7/8" tbg & RU swivel, drill 2' on jt & fell through, CIRC clean, ran 2 more jts to 2601', milled a total of 11' of bad pipe; TOH w/tbg & BHA; TIH w/15' x 3-1/2" slick muleshoe jt, 4-3/4" x 2.50 OD Kutrite string mill, 2 - 3-1/2" OD DCs, Bowen oil jars, 4 3-1/2" OD DCs, total BHA 205.55' on 2-7/8" WS, start milling w/4-3/4" mill, tag @ 2500', made 5-1/2' w/4-3/4" mill, LD swivel & 2 jts, close well in. SDFN. Note: Had water flow & recovered some cmt. 10 bbls/hr, last 1-1/2 hrs while milling into tank).

12/07/2002
Completion

Tuesday, 4 February, 2003

PENNZOIL STATE COM 36 2

AFE: 22116 Present Operation:
Held safety ,tg, ck press on well 700# tbg press, bled down 2-3 mins, nad about 1 bbl flow back - no gas; PU swivel & ran 2 jts back in hole; start milling again w/3-3/4" mill, tag @ 2505', same as 12/5/02; milled to 2519', made 14' for day, very little cmt in samples, gained 27 bbls of water for the day; LD swivel on 1 jt & LD 1 jt. Close well in & SDFN.

12/08/2002
Completion
AFE: 22116 Present Operation:
1200# on well, bled down 3 mins - 1/2 bbl water, PU 2 jts & swivel, tbg not running over, start milling again, tagged up where left 12/6/02, fell through @ 2524'; CIRC hole, TOH w/tbg, DC & mill ck gauge of mill, measured 4-5/8", PU 3rd mill 4-3/4", TIH w/BHA & tbg, tag up @ 2503'; start milling out very little mostly reamed out hole; TOH, LD jars & mill; PU RIH w/20 jts tbg & pull & std in derrick staying above where we milled the 5-1/2" csg, PU 20 jts & RIH, close well in & SDFN.

12/09/2002
Completion
AFE: 22116 Present Operation:
1100# on well, bled down 1-1/2 mins, 1/2 H20, continue running pipe & putting in derrick - total 422 jts in derrick (225 jts 2-7/8" 650# L-80 delivered to location, approx 7087.5')

12/10/2002
Completion
AFE: 22116 Present Operation:
Pressure on well 1000#, BOP blinds leaked overnight, had cellar fill of water & small amt out by pipe racks about 1-1/2 bbls out; PU 4-3/4" mill, oil jars, 6 3-1/2" DC total BHA 191.61', ran on 2-7/8" 6.50# L80 tbg, tag up @ 8983' w/16'KB added in; washed down to 9005' on rubber plug; drill DV tool & CIRC hole; run to btm w/mill, tagged @ 13,648', made 4' to 13,652', solid at that point; CIRC hole clean, trouble w/mill stopping up; CIRC conventional; TOH w/tbg above where casing was bad, close well. SDFN.

12/11/2002
Completion
AFE: 22116 Present Operation:
45# on well, no fluids; FIN TOH w/tbg & mill, LD pull; TIH w/4-3/4" OD cut lip shoe, 3 jts 4-1/2" OD WP oil jars on 2-7/8" WS, 6 3-1/2" DCs above jars - BHA 280.57'; had slight bubble when went through bad csg @ 2500', nothing went through DV tool, tag up @ 13,653' - BHA 280.57 + 426 jts 2-7/8" tbg; CIRC hole with FW; TOH LD 426 jts 2-7/8" L-80 tbg, 6 DCs 3 jts 4-3/4" WP oil jars. (LD 5 jts bad pipe when came out of hole with mill)

12/12/2002
Completion
AFE: 22116 Present Operation:
Haul out 2-7/8" WS, set more pipe racks & catwalk, unload & tally 328 jts 4" 10.46# P110 STL csg & 1 4" x 15' shoe jt, FC & shoe, load reverse unit tank fresh water, chg out to 4" B section & flange to BOP, RU pulling unit on 6 lines, set 210 tanks for hydromatic on pulling unit & load with water, RU pick up machine, prep to run 4" casing in AM.

12/13/2002
Completion
AFE: 22116 Present Operation: Set slips and set BOP back
Check pressure on well 700 psi. Bled down 1".30 sec 1 bbl H2O. Rig up Bull Rogers casing crew. Wait on man from Curley's Machine Shop with Nubbing. No one notified them of running casing. Pick shoe 1.10' shoe joint 14.67' FC 1000' then 4" casing 10.46# P110 CMFJ4 (FLAS look alike). Had 20,000 increase in wt with 67 joints out. Ran rest of casing. Set casing at 13,636' shoe joint 14.67' total of 324 joints

includes 14.67 shoe joint. Rig down casing crew. Lay down 1 joint of casing. Rig up Halliburton. Ran cement job. Left pressure on casing. Rig down Halliburton. Pick up 'P and set slips then set BOP back. Had gray water in head. Cement very close to surface. Left pressure on 4" casing and on backside.

12/14/2002

Maintenance

AFE: 22116

Present Operation:

SDFW.

12/15/2002

Maintenance

AFE: 22116

Present Operation:

SDFW.

12/16/2002

Maintenance

AFE: 22116

Present Operation:

Cameron cut off 4" csg. NU "B" section. Tested ring to 2000 psi. Pulling unit tied back to 4 lines. RD & Release Key rig. Cementing details from 12/12/02: RU Halliburton. Pum 10 bbl H2O spacer, 80 sxs Interfill H (11.9 lb/gal), 28 sxs Super H (13 lb/gal), 106 sxs Interfill H (11.9 lb/gal) and 125 sxs Super H (13 lb/gal). Shut down. Wash up to pit. Drop plug. Pump plug down w/ 162.5 bbls water. Shut down - did not bump plug. Circ 0 sxs to pit.

01/07/2003

Completion

AFE: 22116

Present Operation:

Ru, pulling unit, ND WH flg., NU & test BOP, Unload 444 Jts. (13,752'), L 80, R2 (CS threads), tubing, reset torque on tongs to 1600 #. Tih with 3 1/4" bit and 334 Jts. Of tubing, (10,600').

01/08/2003

Completion

AFE: 22116

Present Operation:

Continue to TIH with tbg. & 3 1/4" bit. Tag TOC @ 13,500'. Ru Power Swivel, drill out cement with 442 Jts. Tbg. @ 13,607'. Pump 200 Gal. Of xylene followed by 500 gal. Of 15% HCL. Displaced tubing with 52 BBLS of 7% KCL. Reverse out fluid, pumped 200 BBLS of Clean 7% KCL @ 4 BPM, Circulating pressure 4500 to 5000 Psi. Top B section had a small oil leak. Cameron will test this section Wed., 1-8-03. Pooh with tbg. and bit. SDFD.